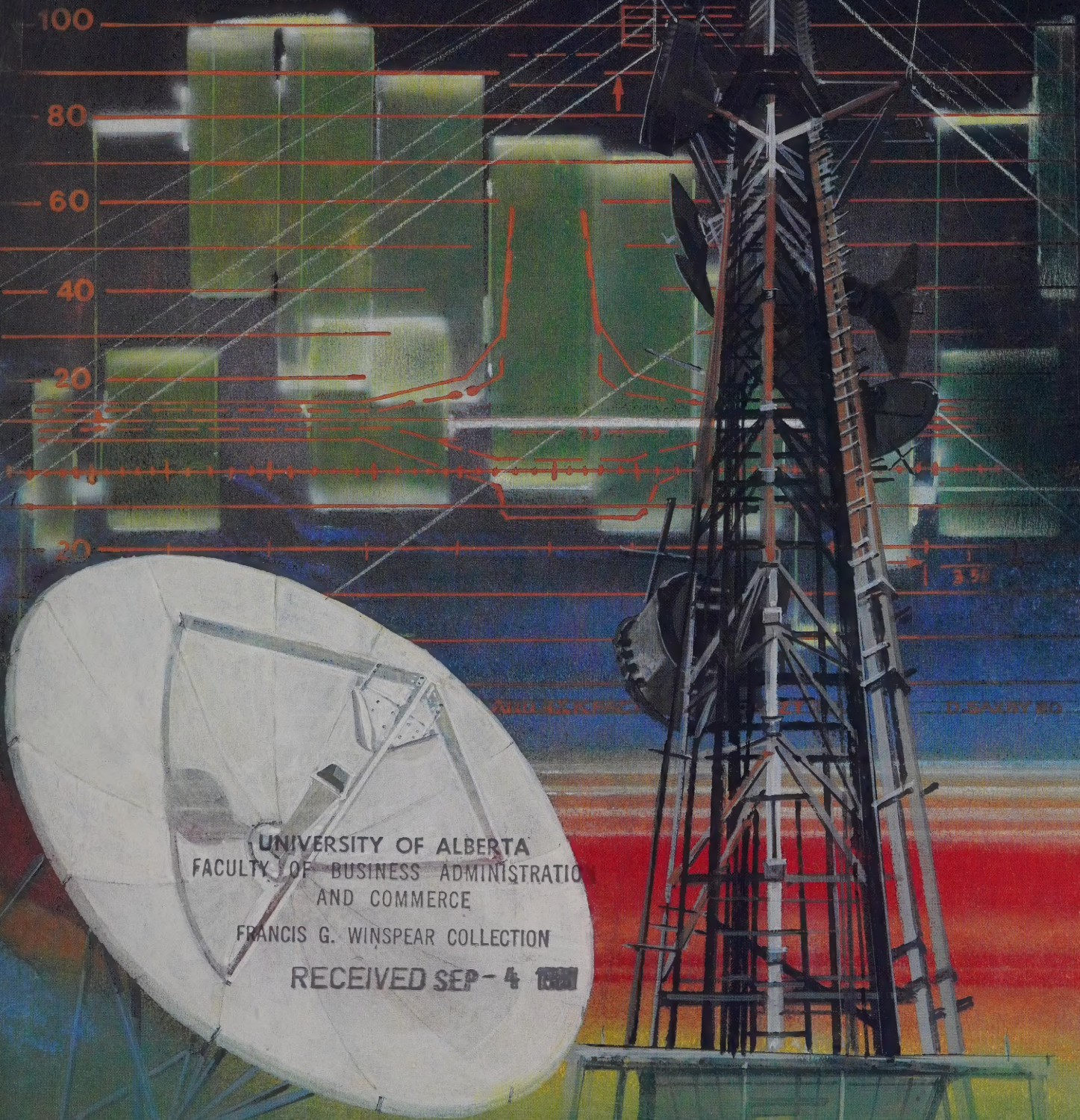



AR06

CAPITAL CABLE T.V. LTD. ANNUAL REPORT 1980





Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Capi0223_1980



TO THE SHAREHOLDERS:

It is a pleasure to report to the shareholders of Capital Cable TV Ltd. that your Company has participated in the growth of the Canadian cable television industry and continues its efforts to provide a high level of service and involvement in those communities it serves.

Financial results for the year have shown a marked improvement over last year with consolidated revenues increasing \$1,487,000 and consolidated net income increasing \$276,000. Earnings per share were \$1.44 in 1980 (\$1.37 before extraordinary items) compared to \$1.16 per share in 1979. The Company continued its dividend policy and paid dividends of \$0.40 per share in 1980.

In order to broaden our subscriber base and thereby provide even higher levels of service and community programming we have applied for additional license territory and are acquiring equity positions in established and newly formed cable companies.

Subject to Canadian Radio-television and Telecommunications Commission (C.R.T.C.) approval the Company has agreed to purchase the shares of Urban Cablevision Ltd. (Urban) and Trans Spectrum Services Limited (Trans Spectrum). The area served by Urban includes Langford and Sooke, west of Victoria, B.C. which has approximately 7,900 subscribers. Trans Spectrum's subsidiary, Metrovision Limited, based in the Bedford-Sackville, N.S. area has approximately 7,600 subscribers. In addition, Trans Spectrum holds 24% of Avalon Cablevision Limited serving St. John's Nfld. with about 20,600 subscribers.

In September, 1980 the Company effectively acquired approximately 25% of Southern Telecom, Inc. which has 28 cable franchises in three counties south and west of Atlanta, Georgia. These systems are currently under construction and have a potential of 50,000 households.

Applications have been made to the C.R.T.C. covering the delivery of five more television channels, the implementation of a computer based security system and expanded service area, including several more towns in the Edmonton area.

Increases in subscriber rates have been, and will be, applied for as deemed appropriate in light of rising costs, new services offered and expansion of community programming.

During the year Mr. D. Lloyd Gartrell was appointed President and General Manager of S.O.T.V. Holdings Limited, Kelowna Cable TV Ltd. and Penticton Cable TV Ltd., to facilitate the management of our operating companies in British Columbia.

The continued success of your Company is due in great measure to the dedication and commitment of our employees.

November 21, 1980

A handwritten signature in dark ink, appearing to read 'James R. Shaw'. The signature is fluid and cursive, with a large initial 'J'.

James R. Shaw
President and General Manager



LEGEND

CAPITAL CABLE TV LTD. Head Office — EDMONTON

serving Edmonton, Sherwood Park, Beaumont, Leduc, Stony Plain, Spruce Grove,
St. Albert, Lancaster Park, Fort Saskatchewan and surrounding areas.

SUBSIDIARIES AND MINORITY SHAREHOLDINGS: (% ownership)



S.O.T.V. HOLDINGS LIMITED (100)

and its wholly-owned subsidiaries,
Kelowna Cable TV Ltd. and
Penticton Cable TV Ltd.



URBAN CABLEVISION LTD. (100), Langford-Sooke, B.C. (see note below)



TRANS SPECTRUM SERVICES LIMITED AND ITS SUBSIDIARIES

(see note below)

Metrovision Limited
(to be 100), Sackville, N.S.



Avalon Cablevision Limited
(24), St. John's Newfoundland

SOUTHERN TELECOM, INC. (approximately 25), Atlanta, Georgia

NOTE: Application to approve acquisition made to Canadian Radio-television and Telecommunications Commission.





The Capital Cable TV Ltd. Head Office in Edmonton is situated on the edge of a residential area and is shaded by two giant poplar trees. The company maintains a level of service which is one of the finest in the industry and has secured a quality and performance with the technical facilities that exceeds national standards.

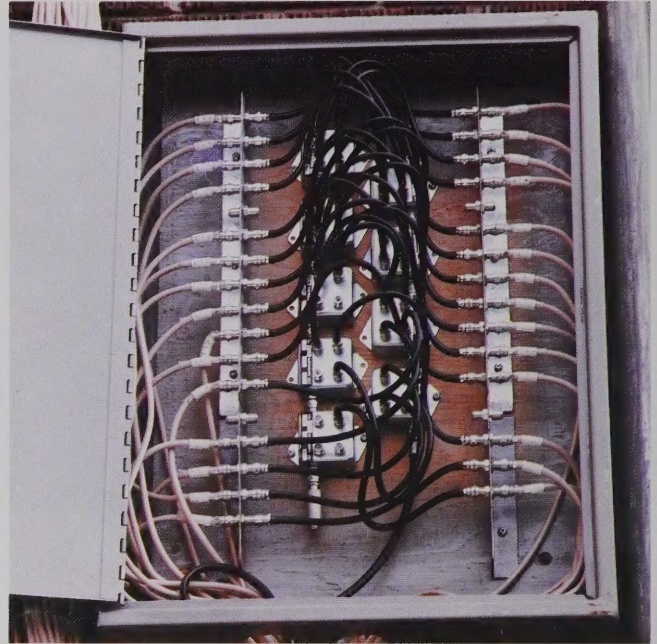
These standards have created a good relationship with the subscribers and have established a good public image. The Company is most proud of the recognition, in the form of critical acclaim and numerous awards, received through community programming activities.

CABLE SERVICE:

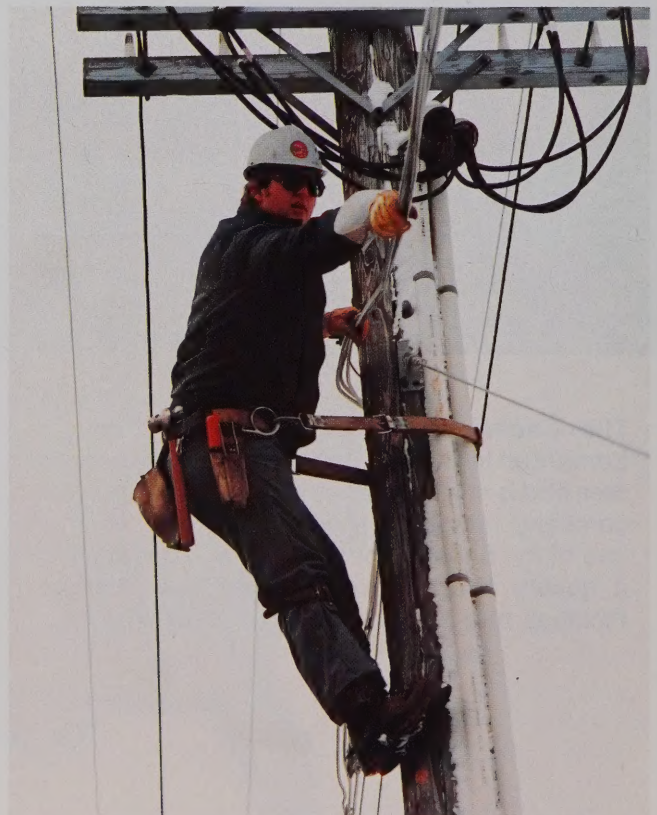


The company plans all of its facilities and systems with the installation and maintenance often being done by the company.

New construction of cable facilities is now mainly underground. This construction is done as a subdivision is developed, but in new franchise areas this may mean burying facilities through subdivisions that are already serviced by utilities.



The company owns all the facilities required for the distribution of television and FM signals including the service wiring in homes and apartment buildings.



TELEVISION SERVICE:



In each of the operating systems of the company, there is a constant monitoring of the Plant performance. Additionally, in the larger systems there is a requirement of the regulatory authorities to carry out the simultaneous program substitution of Canadian television stations for the non-Canadian television stations. This requires complex control arrangements. In the Edmonton

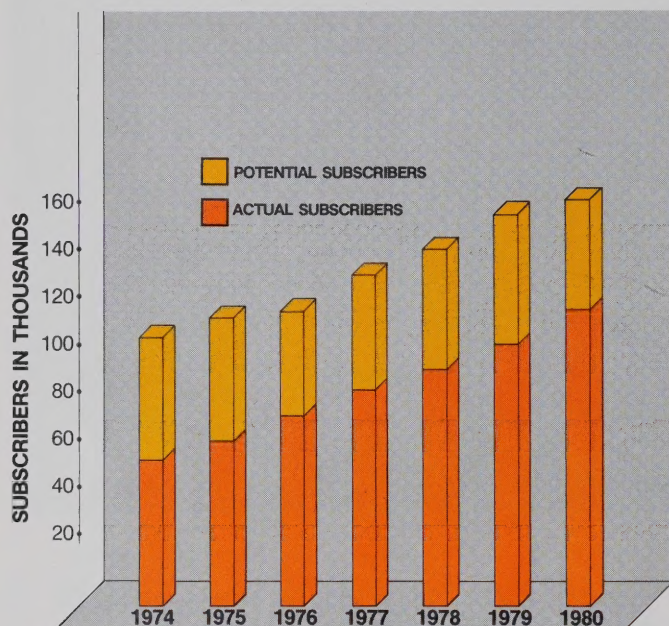
system certain digital display programming is also originated in the control centre.

The company maintains a large vehicle fleet of construction and maintenance vehicles. Installation service is provided on an appointment basis, but maintenance and repair is virtually a 24 hour a day requirement.

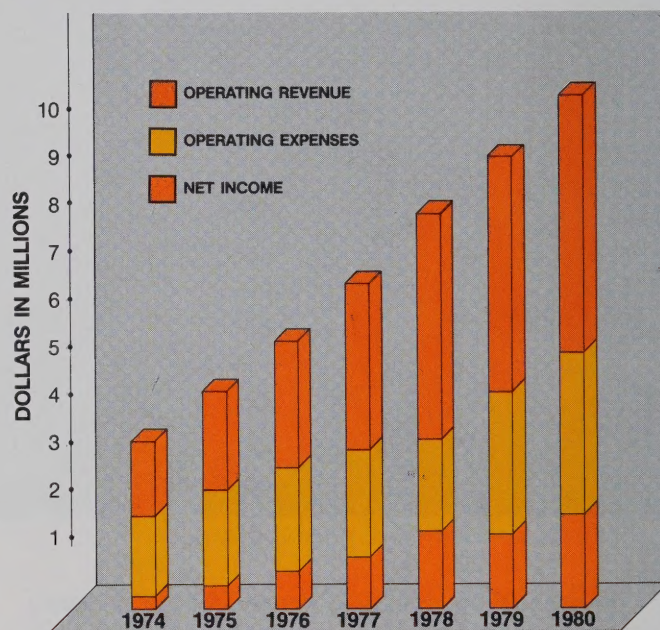


FINANCIAL HIGHLIGHTS

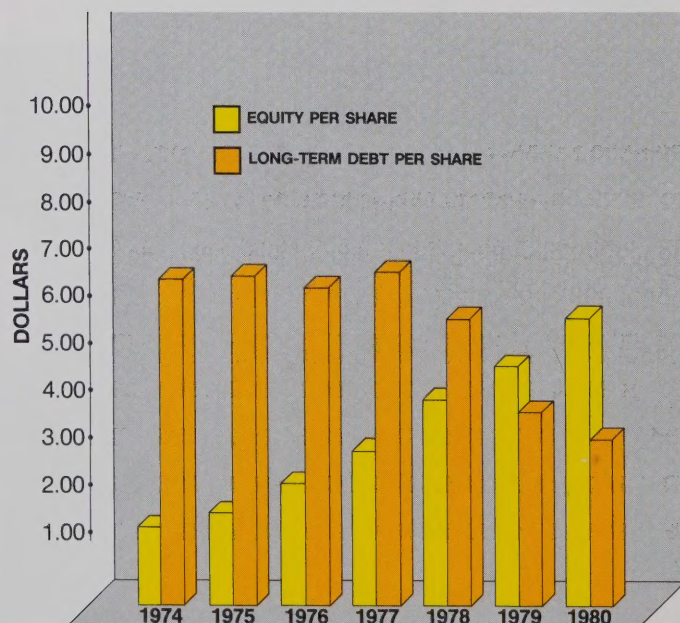
SUBSCRIBER BASE AND POTENTIAL



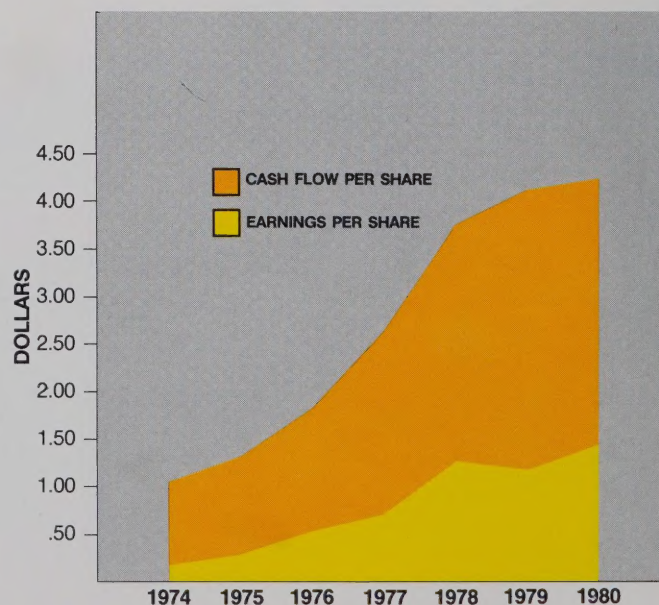
OPERATING REVENUE, EXPENSES AND NET INCOME



EQUITY AND LONG-TERM DEBT PER SHARE



CASH FLOW AND EARNINGS PER SHARE

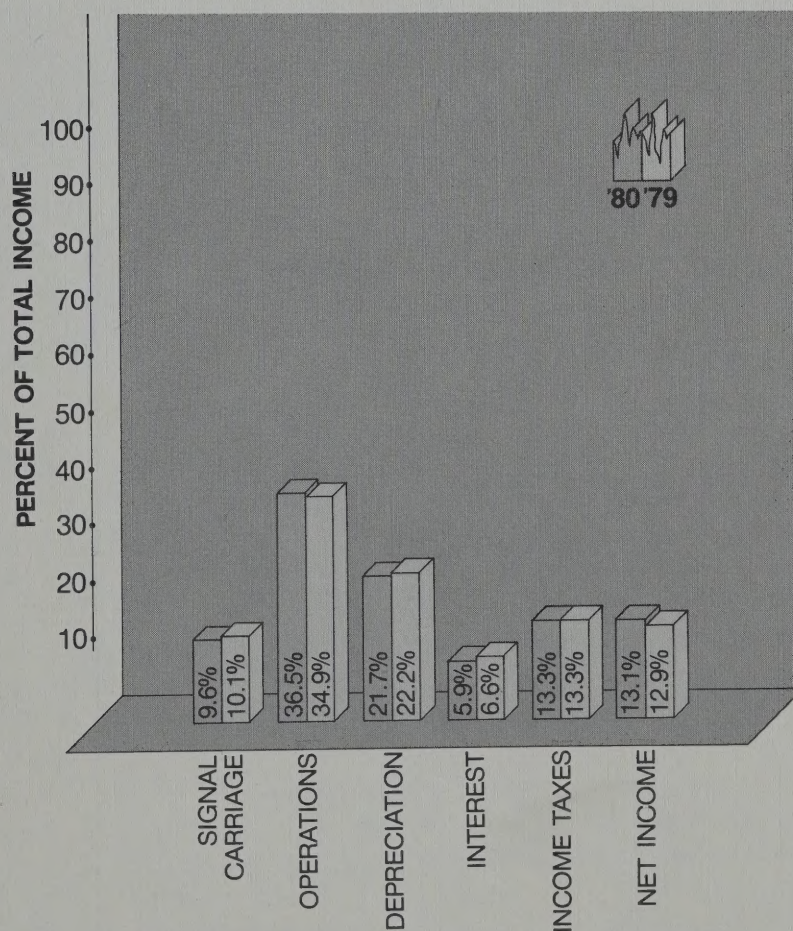


FINANCIAL HIGHLIGHTS

| | 1980 | 1979 |
|--|--------------|--------------|
| Number of Subscribers | 114,469 | 99,401 |
| Estimated Potential Subscribers | 160,200 | 155,000 |
| Total Income | \$10,462,000 | \$ 8,975,000 |
| Net Income | \$ 1,437,000 | \$ 1,161,000 |
| Net Income Per Share | \$ 1.44 | \$ 1.16 |
| Dividends Paid | \$ 400,000 | \$ 400,000 |
| Dividends Paid Per Share | \$.40 | \$.40 |
| Total Long-Term Debt | \$ 2,950,000 | \$ 3,600,000 |
| Long-Term Debt Per Subscriber | \$ 25.77 | \$ 36.22 |
| Funds Generated From Continuing Operations | \$ 4,232,000 | \$ 4,128,000 |
| Funds Generated Per Share | \$ 4.23 | \$ 4.13 |
| Total Fixed Assets at Cost | \$24,107,000 | \$20,946,000 |
| Fixed Assets Per Subscriber | \$ 210.60 | \$ 210.72 |

HOW TOTAL INCOME WAS SPENT

(excluding extraordinary items)



FINANCIAL

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED AUGUST 31,

| | 1980 | 1979 |
|--|---------------------|--------------------|
| INCOME: | | |
| Service charges | \$ 9,322,000 | \$8,222,000 |
| Connection fees | 1,091,000 | 709,000 |
| Other | 49,000 | 44,000 |
| | <u>10,462,000</u> | <u>8,975,000</u> |
| EXPENSES: | | |
| Franchise, pole, span and duct rental and transmission charges | 1,006,000 | 907,000 |
| Operations, administrative, general office, selling and production | 3,816,000 | 3,133,000 |
| Depreciation and amortization | 2,267,000 | 1,995,000 |
| Interest — long-term debt | 483,000 | 501,000 |
| — short-term debt | 139,000 | 89,000 |
| | <u>7,711,000</u> | <u>6,625,000</u> |
| Income before income taxes and extraordinary items | 2,751,000 | 2,350,000 |
| Income taxes | 1,385,000 | 1,189,000 |
| Income before extraordinary items | 1,366,000 | 1,161,000 |
| EXTRAORDINARY ITEMS (NOTE 8) | 71,000 | |
| NET INCOME FOR THE YEAR | <u>\$ 1,437,000</u> | <u>\$1,161,000</u> |
| EARNINGS PER SHARE: | | |
| Income before extraordinary items | \$ 1.37 | \$ 1.16 |
| Net Income for the year | <u>\$ 1.44</u> | <u>\$ 1.16</u> |

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED AUGUST 31,

| | 1980 | 1979 |
|---------------------------------------|--------------------|--------------------|
| Retained earnings, beginning of year | \$3,507,000 | \$2,760,000 |
| Net income for the year | 1,437,000 | 1,161,000 |
| | <u>4,944,000</u> | <u>3,921,000</u> |
| Tax on 1971 undistributed income | | 14,000 |
| Dividends on common shares | 400,000 | 400,000 |
| | <u>400,000</u> | <u>414,000</u> |
| Retained earnings, end of year | <u>\$4,544,000</u> | <u>\$3,507,000</u> |

CONSOLIDATE

ASSETS

CURRENT:

Cash and term deposits
Accounts receivable
Income taxes recoverable
Prepaid expenses

Total current assets

DEPOSITS AND ADVANCES ON
ACQUISITIONS (NOTE 9)
INVESTMENTS (NOTE 2)
FIXED ASSETS (NOTE 3)
DEFERRED CHARGES
CABLE TELEVISION LICENSES
AND GOODWILL

LIABILITIES AND

CURRENT:

Bank operating loan (Notes 4 and 10)
Accounts payable and accrued liabilities
Income taxes payable
Subscribers' prepayments
Current portion of long-term debt (Note

Total current liabilities

LONG-TERM DEBT (NOTE 4)

DEFERRED INCOME TAXES

SHAREHOLDERS' EQUITY:

Capital stock —

Authorized:

1,200,000 common shares of
no par value

Issued:

1,000,000 common shares

Retained earnings

(The accompanying notes form an integral part of these financial statements.)

On behalf of the Board:

Director

James H. Shaw

BALANCE SHEET

AUGUST 31,

| 1980 | 1979 |
|---------------------|---------------------|
| \$ 188,000 | \$ 384,000 |
| 405,000 | 295,000 |
| | 29,000 |
| 214,000 | 148,000 |
| <u>807,000</u> | <u>856,000</u> |
| 631,000 | |
| 159,000 | 303,000 |
| 13,894,000 | 12,879,000 |
| 26,000 | 30,000 |
| 921,000 | 921,000 |
| <u>\$16,438,000</u> | <u>\$14,989,000</u> |

SHAREHOLDERS' EQUITY

| | |
|------------------|------------------|
| \$ 800,000 | \$ 1,000,000 |
| 1,205,000 | 1,036,000 |
| 541,000 | |
| 1,870,000 | 1,585,000 |
| <u>60,000</u> | <u>350,000</u> |
| 4,476,000 | 3,971,000 |
| 2,950,000 | 3,600,000 |
| <u>3,395,000</u> | <u>2,838,000</u> |

| | |
|---------------------|---------------------|
| 1,073,000 | 1,073,000 |
| 4,544,000 | 3,507,000 |
| 5,617,000 | 4,580,000 |
| <u>\$16,438,000</u> | <u>\$14,989,000</u> |

part of these financial statements.)

Director


**CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION**

YEAR ENDED AUGUST 31,

| | 1980 | 1979 |
|---|--------------------|--------------------|
| SOURCES OF WORKING CAPITAL: | | |
| Operations — | | |
| Income before extraordinary items | \$1,366,000 | \$1,161,000 |
| Items which do not use working capital: | | |
| Depreciation and amortization | 2,267,000 | 1,995,000 |
| Deferred income taxes | 599,000 | 972,000 |
| Working capital provided from operations | 4,232,000 | 4,128,000 |
| Reduction in investments | 64,000 | |
| Proceeds on sale of portion of City of St. Albert distribution system | | |
| net of related taxes of \$46,000 | 204,000 | |
| | <u>4,500,000</u> | <u>4,128,000</u> |
| USES OF WORKING CAPITAL: | | |
| Additions to fixed assets | 3,373,000 | 3,620,000 |
| Reduction in long-term debt (Note 10) | 650,000 | 1,915,000 |
| Dividends paid | 400,000 | 400,000 |
| Deposits and advances on acquisitions (Note 9) | 631,000 | |
| Increase in investments | | 283,000 |
| Tax on 1971 undistributed income | | 14,000 |
| | <u>5,054,000</u> | <u>6,232,000</u> |
| Decrease in working capital | 554,000 | 2,104,000 |
| Working capital deficiency, beginning of year | 3,115,000 | 1,011,000 |
| Working capital deficiency, end of year | <u>\$3,669,000</u> | <u>\$3,115,000</u> |
| Funds generated from operations, per share | <u>\$ 4.23</u> | <u>\$ 4.13</u> |

AUDITORS' REPORT

To the Shareholders of
Capital Cable TV Ltd.:

We have examined the consolidated balance sheet of Capital Cable TV Ltd. as at August 31, 1980 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at August 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
November 14, 1980

Clarkson Gordon
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 1980

1. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary S.O.T.V. Holdings Ltd., and its wholly owned subsidiaries:

Kelowna Cable TV Ltd.
Penticton Cable TV Ltd.

The excess of cost of shares of the subsidiary company over the fair value of the underlying net tangible assets at acquisition, which was prior to 1974, amounts to \$ 921,000. This excess has been included in the consolidated balance sheet as "Cable Television licenses and goodwill" and is not being amortized since the Company does not believe there is any diminution of value.

OPERATIONS EXPENSES CAPITALIZED

During the year the activities of the companies included both the construction and operation of distribution systems. Operations expenses are capitalized according to the percentage of labour costs attributable to the construction of distribution systems. The amount of expenses capitalized and included in fixed assets is \$ 694,000 in 1980 (\$ 575,000 in 1979).

CONNECTION FEES AND COSTS

Operating income includes subscriber connection fees as they are considered to represent a partial recovery of initial selling expenses and related administration and general office expenses. Fees for reconnections are included in income. The costs of subscriber connections are capitalized as part of the distribution system and disconnection and reconnection costs are charged to operations.

INCOME TAXES

Income taxes have been provided on the tax allocation basis whereby the provision for income taxes each year is determined on the basis of income and expenses included in the statement of income rather than the related amounts reported in the income tax returns.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization are recorded in the accounts of the companies using the straight-line method and the following rates:

| EQUIPMENT — | |
|------------------------|--------------------------------------|
| Distribution | — 10% (5% in year of acquisition) |
| Operations | — 10% - 20% |
| Production | — 10% - 20% |
| Office | — 10% - 20% |
| Automotive | — 20% |
| Data processing | — 33% - 50% |
| BUILDINGS | — 5% |
| LEASEHOLD IMPROVEMENTS | — Term of lease |

DEFERRED CHARGES

Deferred charges are comprised of debenture financing expenses which are being amortized on a straight-line basis over the period to maturity of the debentures, December 1, 1987.

SUBSCRIBERS' PREPAYMENTS

Subscribers' prepayments represent amounts received in respect of future services and will be included in income in the following year as such services are provided.

PENSION COSTS

The Company's unfunded past service pension liability at August 31, 1980 amounted to approximately \$ 133,000. This amount will be funded and charged to operations over the next ten years.

2. INVESTMENTS

| | 1980 | 1979 |
|---|------------------|------------------|
| Investments and advances | | |
| — at cost: | | |
| Rock It video production | \$ 76,000 | \$234,000 |
| Multilingual Television (Alberta) Ltd.: | | |
| Shares | 62,000 | 50,000 |
| M.K.C. Properties Ltd.: | | |
| Shares and advances | 19,000 | 17,000 |
| Other | 2,000 | 2,000 |
| | <u>\$159,000</u> | <u>\$303,000</u> |

The Company holds a 25% interest in the video production — Rock It, a series of twelve one hour long musical television productions. The original cost of the investment of \$ 234,000 has been reduced by revenues received of \$ 78,000 and a provision for an estimated loss of \$ 80,000. It is anticipated that future revenues will be sufficient to recover the remaining cost of the investment.

The investment in Multilingual Television (Alberta) Ltd. represents the Company's 50% interest in a company formed to introduce multilingual television programming in Alberta.

The investment in M.K.C. Properties Ltd. represents the Company's 25% interest in a company which owns and operates the distant head end facility.

3. FIXED ASSETS

| | Cost | Accumulated depreciation and amortization | Net book value | |
|------------------------|---------------------|---|---------------------|---------------------|
| | | | 1980 | 1979 |
| EQUIPMENT — | | | | |
| Distribution | \$20,651,000 | \$ 8,786,000 | \$11,865,000 | \$10,934,000 |
| Operations | 484,000 | 247,000 | 237,000 | 183,000 |
| Production | 704,000 | 437,000 | 267,000 | 243,000 |
| Office | 190,000 | 105,000 | 85,000 | 59,000 |
| Automotive | 324,000 | 192,000 | 132,000 | 129,000 |
| Data Processing | 283,000 | 270,000 | 13,000 | 86,000 |
| LEASEHOLD IMPROVEMENTS | 125,000 | 63,000 | 62,000 | 72,000 |
| BUILDINGS | 859,000 | 113,000 | 746,000 | 686,000 |
| | 23,620,000 | 10,213,000 | 13,407,000 | 12,392,000 |
| LAND | 487,000 | | 487,000 | 487,000 |
| | <u>\$24,107,000</u> | <u>\$10,213,000</u> | <u>\$13,894,000</u> | <u>\$12,879,000</u> |

4. LONG-TERM DEBT

| | 1980 | 1979 |
|---|--------------------|--------------------|
| Term bank loan | \$1,610,000 | \$2,350,000 |
| Shareholders' notes | 800,000 | 1,000,000 |
| 9% sinking fund debentures due December 1, 1987 | 600,000 | 600,000 |
| | <u>3,010,000</u> | <u>3,950,000</u> |
| Less portion due within one year | 60,000 | 350,000 |
| | <u>\$2,950,000</u> | <u>\$3,600,000</u> |

The Company has pledged accounts receivable as collateral for the operating and term bank loans.

The interest rates on the term bank loan and shareholders' notes are not in excess of 1% above the bank's prime lending rate.

Payments are required to retire the term bank loan in future fiscal years as follows: 1981 — \$ 60,000; 1982 — \$ 600,000; 1983 — \$ 600,000; 1984 — \$ 350,000.

Payments are required to retire the shareholders' notes in future fiscal years as follows: 1982 — \$ 800,000.

The 9% sinking fund debentures due December 1, 1987 are unsecured. The sinking fund requirements provide that \$120,000, be deposited with the Trustee each year commencing December 1, 1983 to 1986 inclusive. The debentures are redeemable before maturity in whole at any time or in part from time to time at the option of the Company. The trust indenture relating to the 9% sinking fund debentures contains certain provisions restricting payment of dividends by the Company.

5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid or payable to the directors and the senior officers of the Company and its subsidiaries, as defined by the Alberta Companies Act, amounted to \$ 365,000 for the year ended August 31, 1980 (\$ 267,000 in 1979).

6. COMMITMENTS

The Company and its subsidiaries have commitments under long-term leases and agreements for franchises and rentals of transmission facilities and premises amounting to approximately \$ 1,195,000 per annum at August 31, 1980.

7. OWNERSHIP OF DISTRIBUTION AND FEEDER CABLES

The City of Edmonton issued a statement of claim in 1978 against the Company for an order declaring that it is authorized by statute to purchase, own and lease distribution and feeder cables for the distribution of C.A.T.V. signals which are presently owned by the Company. If successful, the City would have the right to purchase the installed cable from the Company at depreciated value and then lease the cables to the Company pursuant to any existing agreement. It is not contemplated that the Company would suffer any significant monetary loss if this were to occur. The Company has filed a statement of defense requesting that the Courts dismiss the City's action. No immediate settlement of the dispute is expected.

8. EXTRAORDINARY ITEMS

| | |
|---|------------------|
| Gain on sale of portion of City of St. Albert distribution system, net of related income taxes of \$ 46,000 | \$109,000 |
| Write-down of investment in Rock It video production to reflect anticipated loss, net of related income tax recovery of \$ 42,000 | (38,000) |
| | <u>\$ 71,000</u> |

9. SUBSEQUENT EVENTS

THIRD SHELF CORPORATION

On September 17, 1980, the Company acquired a 50% interest in Third Shelf Corporation for U.S. \$ 500,000 in cash and U.S. \$ 500,000 payable in annual instalments of U.S. \$ 100,000 commencing in January 1984, with interest at 12%. In addition, the Company advanced U.S. \$ 500,000 to Third Shelf Corporation which is to be repaid in annual instalments of U.S. \$ 100,000 commencing in January 1984, with interest at 12%. Third Shelf has an interest of approximately 50% in Southern Telecom Inc. which is developing cable systems in franchise areas it holds in areas of Georgia and Tennessee in the United States.

Prior to August 31, 1980, the Company advanced U.S. \$ 350,000 (Canadian \$ 406,000) to a shareholder of Third Shelf Corporation. This advance was settled in September 1980 at the time of the acquisition of the interest in Third Shelf.

URBAN CABLEVISION LTD.

On May 2, 1980, the Company agreed to acquire a 100% interest in Urban Cablevision Ltd., and other related assets for \$1,800,000. Urban operates a cable system adjacent to Victoria, British Columbia. This acquisition is not reflected in the Company's financial statements as it is subject to the approval of the Canadian Radio-Television and Telecommunications Commission. If such approval is not granted prior to May 31, 1981, the agreement will be terminated.

The Company has made a deposit of \$100,000 on the acquisition which would be forfeited in the event the Company defaults on the agreement.

TRANS SPECTRUM SERVICES LIMITED

On September 16, 1980, the Company agreed to acquire a 100% interest in Trans Spectrum Services Limited for a total consideration of \$ 1,394,000, a portion of which will be as advances to Trans Spectrum. Trans Spectrum will own 100% of Metrovision Limited, a cable company operating in the Bedford-Sackville area of Nova Scotia, and 24% of Avalon Cablevision Limited, a cable company operating in St. John's, Newfoundland. This acquisition is subject to approval by the Canadian Radio-Television and Telecommunications Commission. If such approval is not granted before June 30, 1981, the agreement will be terminated.

Prior to August 31, 1980, the Company made a deposit of \$ 125,000 on the acquisition, which would be forfeited in the event the Company defaults on the agreement.

10. RECLASSIFICATION

For comparative purposes the 1979 financial statements have been restated to reflect in current liabilities \$ 1,000,000 of bank loans previously classified as long-term which, although convertible at the Company's option to term debt, is presently repayable on demand.

SEVEN YEARS IN REVIEW

For The Years Ended August 31,

| | 1980 |
|---|--------------|
| INCOME: | |
| Total revenues | \$10,462,000 |
| Operating expenses | 4,822,000 |
| Depreciation and amortization | 2,267,000 |
| Interest | 622,000 |
| Income from continuing operations before income taxes | 2,751,000 |
| Income taxes | 1,385,000 |
| Income from continuing operations | 1,366,000 |
| Income from discontinued operations | |
| Income before extraordinary items | 1,366,000 |
| Extraordinary items | 71,000 |
| Net income | \$ 1,437,000 |

| | |
|---------------------------------|--------------|
| FINANCIAL POSITION: | |
| Shareholders' Equity | \$ 5,617,000 |
| Fixed assets at cost | \$24,107,000 |
| Long-term debt | \$ 2,950,000 |
| Funds generated from operations | \$ 4,232,000 |

| | | |
|-----------------------------------|----|--------|
| SHAREHOLDERS' STATISTICS: | \$ | 5.62 |
| Equity per share | \$ | 24.11 |
| Fixed assets per share | \$ | 2.95 |
| Long-term debt per share | | |
| Earnings per share: | \$ | 1.37 |
| Income from continuing operations | \$ | 1.37 |
| Income from extraordinary items | \$ | 1.44 |
| Net income for the year | | |
| | \$ | 4.23 |
| Funds generated per share | | (3) |
| Share price range and volume (1) | \$ | 21.00 |
| High | \$ | 8.75 |
| Low | \$ | 21.00 |
| Last | | 49,405 |
| Volume | | |

(1) As reported by the Alberta Stock Exchange; does not include any private sales.

(2) Not listed

(3) As reported by the Alberta Stock Exchange, December 9, 1980; all other years on a calendar year basis

| | |
|------------------------------------|-----------|
| SUBSCRIBER STATISTICS: | 160,200 |
| Potential subscribers | 114,469 |
| Subscribers at year end | 71.5% |
| % saturation | |
| Equity per subscriber | \$ 49.07 |
| Fixed assets per subscriber | \$ 210.60 |
| Long-term debt per subscriber | \$ 25.77 |
| Funds generated per subscriber | \$ 36.97 |
| Operating expenses per subscriber | \$ 42.12 |
| Number of subscribers per employee | 954 |
| Number of employees | 120 |

| 1979 | 1978 | 1977 | 1976 | 1975 | 1974 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 8,975,000 | \$ 7,733,000 | \$ 6,418,000 | \$ 5,305,000 | \$ 4,117,000 | \$ 3,187,000 |
| 4,040,000 | 3,172,000 | 2,888,000 | 2,459,000 | 1,902,000 | 1,438,000 |
| 1,995,000 | 1,681,000 | 1,454,000 | 1,218,000 | 976,000 | 777,000 |
| 590,000 | 614,000 | 651,000 | 700,000 | 670,000 | 556,000 |
| 2,350,000 | 2,266,000 | 1,425,000 | 928,000 | 569,000 | 416,000 |
| 1,189,000 | 1,135,000 | 726,000 | 471,000 | 322,000 | 248,000 |
| 1,161,000 | 1,131,000 | 699,000 | 457,000 | 247,000 | 168,000 |
| | 24,000 | 17,000 | 19,000 | 19,000 | 20,000 |
| 1,161,000 | 1,155,000 | 716,000 | 476,000 | 266,000 | 188,000 |
| | 137,000 | | 72,000 | 32,000 | |
| \$ 1,161,000 | \$ 1,292,000 | \$ 716,000 | \$ 548,000 | \$ 298,000 | \$ 188,000 |

| | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 4,580,000 | \$ 3,833,000 | \$ 2,747,000 | \$ 2,031,000 | \$ 1,483,000 | \$ 1,184,000 |
| \$20,946,000 | \$17,447,000 | \$14,864,000 | \$11,941,000 | \$ 9,800,000 | \$ 8,112,000 |
| \$ 3,600,000 | \$ 5,577,000 | \$ 6,530,000 | \$ 6,233,000 | \$ 6,465,000 | \$ 6,415,000 |
| \$ 4,128,000 | \$ 3,749,000 | \$ 2,640,000 | \$ 1,813,000 | \$ 1,339,000 | \$ 1,071,000 |

| | | | | | |
|----------|----------|----------|----------|---------|---------|
| \$ 4.58 | \$ 3.83 | \$ 2.75 | \$ 2.03 | \$ 1.48 | \$ 1.18 |
| \$ 20.95 | \$ 17.45 | \$ 14.86 | \$ 11.94 | \$ 9.80 | \$ 8.11 |
| \$ 3.60 | \$ 5.58 | \$ 6.53 | \$ 6.23 | \$ 6.47 | \$ 6.42 |
| \$ 1.16 | \$ 1.13 | \$ 0.70 | \$ 0.46 | \$ 0.25 | \$ 0.17 |
| \$ 1.16 | \$ 1.16 | \$ 0.72 | \$ 0.48 | \$ 0.27 | \$ 0.19 |
| \$ 1.16 | \$ 1.29 | \$ 0.72 | \$ 0.55 | \$ 0.30 | \$ 0.19 |
| \$ 4.13 | \$ 3.75 | \$ 2.64 | \$ 1.81 | \$ 1.34 | \$ 1.07 |
| \$ 10.00 | \$ 9.00 | \$ 7.00 | \$ 4.00 | \$ 3.00 | (2) |
| \$ 8.50 | \$ 6.75 | \$ 3.85 | \$ 2.30 | \$ 1.00 | |
| \$ 8.50 | \$ 9.00 | \$ 6.75 | \$ 3.85 | \$ 2.35 | |
| 12,350 | 17,800 | 8,300 | 92,925 | 75,275 | |

| | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 155,000 | 140,000 | 129,800 | 114,900 | 110,600 | 104,300 |
| 99,401 | 89,418 | 81,879 | 70,026 | 59,628 | 50,882 |
| 64.1% | 63.9% | 63.1% | 60.9% | 53.9% | 48.8% |
| \$ 46.08 | \$ 42.87 | \$ 33.55 | \$ 29.00 | \$ 24.87 | \$ 23.27 |
| \$ 210.72 | \$ 195.12 | \$ 181.54 | \$ 170.52 | \$ 164.35 | \$ 159.43 |
| \$ 36.22 | \$ 62.37 | \$ 79.75 | \$ 89.01 | \$ 108.42 | \$ 126.08 |
| \$ 41.53 | \$ 41.93 | \$ 32.24 | \$ 25.89 | \$ 22.46 | \$ 21.05 |
| \$ 40.64 | \$ 35.47 | \$ 35.27 | \$ 35.12 | \$ 31.90 | \$ 28.26 |
| 904 | 836 | 700 | 588 | 519 | 463 |
| 110 | 107 | 117 | 119 | 115 | 110 |

The House of Commons appears 'live' on cable whenever it is in session. Cable subscribers can observe their Member of Parliament at work and witness Canada's democratic process in action. The daily Question Period is repeated each day signed for the deaf. The Provincial Legislature and City Council also appear 'live' on Capital Cable.

News, weather and stock market quotations, are available through a channel dedicated to a 24-hour service. And, music accompanies the news to help "soften" the events of the days or celebrate stock market gains.

The community channel provides programming facilities for local events. When they are not on the air, community announcements, local information, and a little sunshine philosophy is available on Info Ten.

The collage consists of three distinct sections. The top section shows a live broadcast of the House of Commons, with a speaker at a podium and several members seated at a long table. The middle section is a weather forecast screen with a blue background, displaying current conditions and forecasts for major Canadian cities. The bottom section is an advertisement for 'INFO-TEN', featuring a green and white striped background with text about a 24-hour service and contact information.

AND PERIODS OF LIGHT SNOW OVER
10:23:06 - 3°C WINDS NE 0 KPH
FROM ENVIRONMENT CANADA

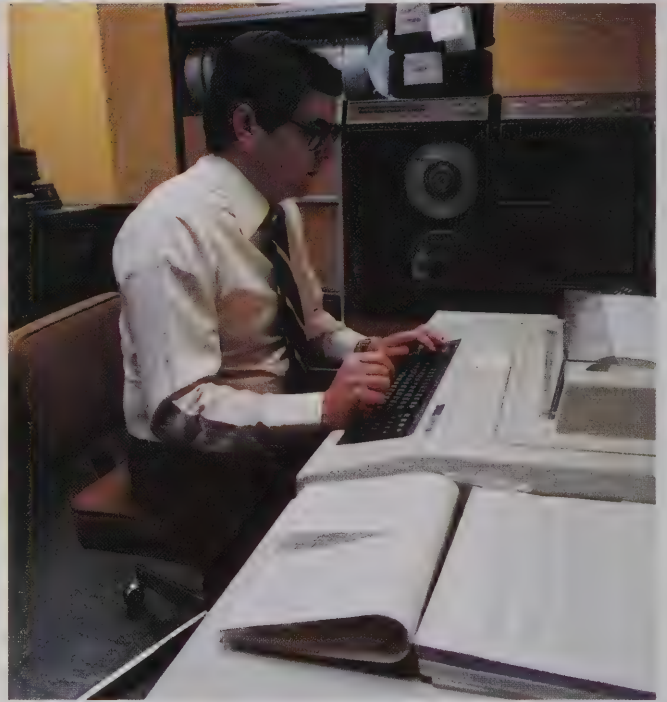
| | | |
|-----------|-----|------------|
| VANCOUVER | 4 | CLOUDY |
| EDMONTON | 1 | RAIN |
| REGINA | -3 | SOME CLOUD |
| WINNIPEG | -14 | SOME CLOUD |

"INFO-TEN"
 IF YOU WOULD LIKE TO HAVE
 A MESSAGE APPEAR ON A PAGE
 LIKE THIS
 DROP US A LINE TO:
"INFO-TEN"
 7024- 101 AVE
 EDMONTON ALBERTA
FRI OCT 24, 1980 3:57:38 PM

CUSTOMER SERVICE:



Capital Cable TV Ltd.'s greatest asset - the subscriber, is given friendly service from the first contact, whether by phone or in person. A pleasant smile, and a friendly face greets the person who enters the lobby of any of the company's three existing offices.



In Edmonton, the company employs its own computer to maintain its subscriber records. This computer provides instant information enabling the Subscriber Accounts Representatives to handle subscriber inquiries quickly and accurately.



COMMUNITY SERVICE:



The Company's Programming Channels put the community into the living rooms of every area served. With the assistance of professional staff, the events and ideas of community groups are carried on designated television channels. The

programming is created through the use of portable equipment and studio facilities. Often the camera crews go right into the homes of subscribers to prepare the programs.

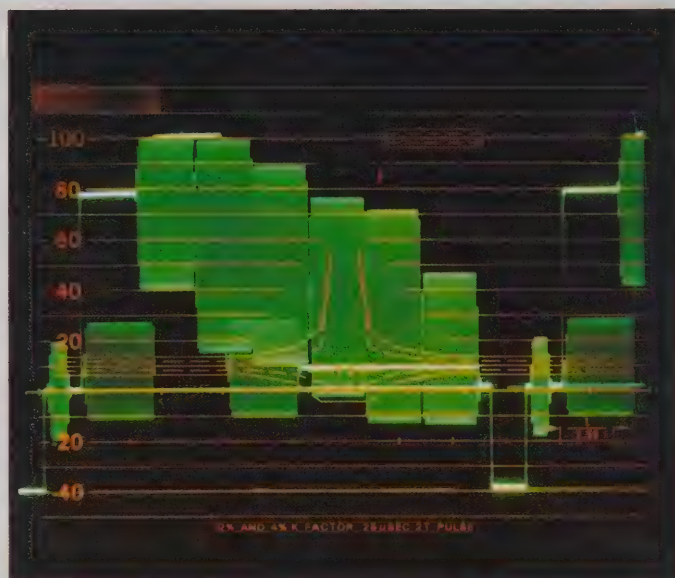


TECHNICAL SERVICE:

Telecommunications is a complex operation. The standards expected by the industry and the subscribers necessitate constant monitoring with sophisticated equipment.

No day goes by without the need for specialized electronic knowledge. Much of the maintenance of equipment is done in-house by employees of the company.

The company has the facilities and the people to sustain the stringent standards of television. But, for the technical service personnel, the greatest compliment comes when the subscriber does not know they are there.



Dishes aimed skyward. Towers ready amongst the clouds for signals from around the world. The future seems limitless.

People will be able to receive it all with the push of a finger without leaving their chair. A TV converter will bring 30, 50, and even more channels into the subscriber's home.

And Capital Cable TV Ltd. will be there!



DIRECTORS AND OFFICERS

DIRECTORS

D. LLOYD GARTRELL
Summerland, British Columbia

C. THOMAS PEACOCKE
Edmonton, Alberta

GEORGE E. POOLE
Edmonton, Alberta

JOHN E. POOLE
Edmonton, Alberta

JAMES R. SHAW
Edmonton, Alberta

LESLIE E. SHAW
Woodbridge, Ontario

HEAD OFFICE

7024 - 101 AVENUE
Edmonton, Alberta

AUDITORS

CLARKSON GORDON
Edmonton, Alberta

BANKERS

TORONTO-DOMINION BANK
Edmonton, Alberta

REGISTRAR AND TRANSFER AGENT

ROYAL TRUST CORPORATION OF CANADA
Edmonton, Alberta

LISTING

ALBERTA STOCK EXCHANGE

OFFICERS AND SENIOR MANAGEMENT

JAMES R. SHAW
President and General Manager

D. LLOYD GARTRELL
President and General Manager
of the British Columbia Companies

ROBERT A. ELLIOT
Vice-President — Operations

J. HERBERT COOK, CA
Vice-President — Finance

ROBERT J. McINTYRE, P.ENG.
Vice-President — Development

LOUIS A. DESROCHERS, Q.C.
Secretary

RAMONA D. SPEERS
Assistant Secretary

ERNEST C. POSCENTE
Program Manager

BRIAN J. CRAIG, RIA
Comptroller

OPERATING SUBSIDIARY COMPANIES

KELOWNA CABLE TV LTD.
Kelowna, British Columbia
RICHARD A. GUNOFF
Manager

PENTICTON CABLE TV LTD.
Penticton, British Columbia
MALCOLM I. DONKIN
Manager

